

Actions Taken – Powers Reserved

Powers Reserved for the Full Board

1. Conduct administrative hearings and decide appeals.
2. Conduct discipline if a member fails to meet board standards of conduct .
3. Conduct selection and evaluation of board and committee consultants (e.g., executive compensation, CEO/CIO recruiting, health care, actuarial).
4. Conduct setting of the board and committee agendas, linked to an annual planning calendar, by identifying, articulating, prioritizing and scheduling matters and reports the board will regularly address.
5. Approve information to be delivered to the board, including benchmarks which trigger board review.
6. Set legislative priorities and approve legislative policy and legislative positions.
7. Approve major litigation.
8. Set and approve mission and vision.
9. Approve board delegations to executive and/or third parties (excluding investments).
10. Approve organization performance metrics and oversee overall organization performance.
11. Approve overall communications strategy.
12. Oversee all enterprise diversity programs.
13. Approve and adopt regulations relating to CalPERS.
14. Conduct election of board president and vice president.
15. Oversee stakeholder relations.

Actions Taken – Powers Reserved

Investment Committee

1. Approve strategic asset allocation (including expected rate of return and risk) and active risk budget for each trust for which the Board has fiduciary responsibility; approve the total fund policy benchmark for each trust.
2. Approve and oversee asset class strategic plans, portfolio construction guidelines, target rate of return, and benchmarks.
3. Approve and oversee compliance with investment policies.
4. Set investment beliefs to guide investing strategies.
5. Set investment risk appetite and tolerances.
6. Oversee investment performance.
7. Oversee fund liquidity management, including ensuring that the fund has sufficient liquid assets to respond to market conditions and meet investment obligations (e.g. capital calls, collateral calls).
8. Conduct selection and oversee performance of board consultants who provide investment-related expertise to the board.
9. Oversee selection process and performance of investment partners, managers and consultants, including addressing diversity policies and objectives.
10. Approve major investment-related litigation.
11. Oversee cost effectiveness of the investment program.
12. Oversee investment office risk assessment and control environment.
13. Oversee environmental, social and governance (ESG) program.

Actions Taken – Powers Reserved

Pension and Health Benefits Committee

1. Approve actuarial policies and methods and actuarial assumptions (including discount rate).
2. Approve actuarial valuations and employer rate setting.
3. Approve policies which affect retirement benefit administration, as appropriate.
4. Oversee member and employer service delivery quality and efficiency.
5. Oversee pension research.
6. Oversee pension administration cost effectiveness.
7. Approve health benefit plans and rates and oversee health benefit plan contracting.
8. Set and oversee health care strategy and CalPERS leadership in health care.
9. Oversee administration of CalPERS self-funded health plans.
10. Oversee cost and quality of health care program.
11. Oversee health care research.
12. Oversee health administration cost effectiveness.
13. Approve long-term care plans and rates and oversee long-term care plan contracting.
14. Set and oversee long-term care strategy.
15. Oversee long-term care research.
16. Oversee cost and quality of long-term care.

Actions Taken – Powers Reserved

Finance and Administration Committee

1. Approve accounting policies.
2. Approve enterprise-wide budgets and resource allocations and oversee budget process.
3. Approve business plans and oversee business planning process.
4. Approve financial reports and oversee controls over financial reporting and processes.
5. Set overall organization strategy, oversee strategic planning process, and approve strategic plans.
6. Oversee financial soundness of the overall CalPERS system, including annual review of unfunded liability, overall pension soundness and sustainability, health programs, and any other programs offered.
7. Oversee cash management to ensure sufficient cash is available to pay benefits and operating expenses.
8. Oversee interaction of cash management and liquidity management processes.
9. Oversee business continuity and disaster recovery.
10. Approve contracting policies and oversee effective management of service provider contracts.
11. Oversee operations and cost effectiveness.

Actions Taken – Powers Reserved

Risk and Audit Committee

1. Approve enterprise risk policies framework and oversee effectiveness of enterprise risk management.
2. Approve risk appetite and strategy (excluding investment risk).
3. Oversee processes for investment risk management, investment policy compliance monitoring, and operating risk management.
4. Oversee enterprise program and policy compliance.
5. Oversee privacy and security compliance.
6. Oversee review of alleged breaches of CalPERS Code of Ethics by board or executives.
7. Oversee service provider compliance (including harmonizing conflict of interest policies).
8. Oversee whistleblower and hotline processes.
9. Approve, as required, and oversee actuarial, external, financial, internal, and real estate audits and reinsurance.
10. Select and approve the external auditor.

Actions Taken – Powers Reserved

Board Governance Committee

1. Conduct and oversee periodic board self assessment of effectiveness, policies governing board conduct, and utilization of board resources, time, and processes.
2. Approve board committee roles and charters including creating and disbanding standing and ad hoc.
3. Approve board governance principles and policies.
4. Approve board member election calendar.
5. Approve board self-development education program and budget.
6. Oversee board processes and organizational accountability.
7. Conduct an annual review of powers reserved, delegations and committee charters, and update, as appropriate.
8. Oversee the process of board member and board direct reports disclosure statements and compliance.

Actions Taken – Powers Reserved

Performance and Compensation Committee

1. Conduct goal setting and evaluation and set compensation for the CEO and CIO.
2. Conduct hiring/firing of the CEO and CIO with input from the CEO regarding the CIO hiring/firing.
3. Conduct long-term succession planning for the CEO and CIO.
4. Approve and oversee senior executive long-term succession planning.
5. Oversee setting of salary ranges, salary, and bonus schedule for the CFO, Chief Actuary, General Counsel, COIO and Investment Management positions according to the established Compensation Policies and Procedures.
6. Approve human resource executive compensation policies.
7. Advise CEO regarding hiring/firing of CFO, Chief Actuary, and General Counsel and retain veto authority on CEO decision.